Cape Fear Advisors, LLC

STRUCTURAL ANALYSIS & OPERATING ADVISORY



# What the Price Believes: Nscale

What the reported prices for Nscale's equity imply, read against its S-1 of September 18, 2026, with reports through October 19

October 2026. Release 1.0

Research, not investment advice. Reads what prices imply, from public filings and reported valuations; names no price.

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# $16 billion is the contracted book delivered; the prices above it believe Monarch fills, and is financed

## 1 Delivery

**55 MW online**

**of 1,370 MW contracted at August 31; 1,315 MW to build, three in four of it on owned sites**

The contracted book comes to about $8.6bn at a 10% discount rate and a 30% cash cost. A late Microsoft tranche refunds its upfront payment; a late Anthropic tranche can be ended. Loughton, the one reported exit, is 3.6% of capacity and about $0.5bn of the book.

Pages 4 to 7

## 2 Financing follows delivery

**$19.2bn**

**of customer cash still to come: 63% of the sources to the end of 2027**

Arranged sources and the remaining prepayments cover the committed uses with about $2.4bn to spare, if nearly 88% of the prepayments arrive on time. Monarch borrows on its own: SPV debt with no binding commitments, and a financing-out at the Longstop Date.

Pages 8 and 9

## 3 Cost

**30%**

**cash cost of revenue, the base; the company's case is 25%**

On CoreWeave's filed cost per MW, Nscale's sites run 15 to 17% of contract revenue, so the base sits against the company. It binds only if revenue per MW falls to about $6.8m, below CoreWeave's $8.24m. Power at the filed hub prices is 3 to 8% of revenue.

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## 4 What comes after the book

**about 1.6 GW**

**of new contracts for $30bn at 30%: nearly three buildings like the one in talks**

Or a residual of about 64% of build cost in 2034, against the 0.76 to 1.37 times cost new CoreWeave's price implies for its fleet. A second Monarch building, reported in talks and read as additive, adds about $5.5bn; Anthropic then holds about half of capacity.

Pages 11 to 15

## 5 Returns reach the holder

**$2.5bn**

**of Aker's claim in Midco, exchanged at the offering on terms not yet stated**

NVIDIA's default warrants stay outstanding after the offering. The founder's option hurdles ($5bn, $10bn, $20bn) sit below the $30bn target. $3.1bn of notes convert at the listing. At listing the vote is one per share.

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Base: 10% discount rate, 30% cash cost; reported valuations read after the offering. Needs floored, cash and value rounded up. Tags: FILED, REPORTED; OURS marks our construction. The second building is REPORTED and read as additive, which the report does not state. Anthropic develops Claude, used in preparing this research.

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# Customer cash still to come is 63 percent of the sources; the plan covers the uses if nearly 88 percent of it arrives on time

Committed uses against what is arranged and what the contracts still owe, to the end of 2027, before Monarch. Sources are counted in the company's favor: facilities undrawn in full, receivables as advance billing, every prepayment arriving at delivery.

**Uses and sources, to the end of 2027, $ millions**

| Line | $m |
|---|---|
| **Uses: equipment, construction, SIN02 balance** | **27,931** |
| Cash at June 30 | 1,478 |
| Facilities, counted undrawn in full (GLAS, revolver, Kvandal, Macquarie Iceland, Ward County, North Carolina) | 6,472 |
| 2028 convertible notes and the NVIDIA Sale | 3,100 |
| **Arranged** | **11,050** |
| Prepayments at 23% of $103.4bn TCV | 23,782 |
| less billed to date (deferred revenue, June 30) | (6,493) |
| plus receivables, June 30 | 1,928 |
| **Customer cash still to come** | **19,217** |
| **Surplus before Monarch and the offering** | **2,337** |
| if customer cash arrives at 75% | (2,467) |

**Reading**

- Customer cash still to come is $19.2bn, 63% of the sources.
- The surplus is about $2.4bn; it holds while nearly 88% of the remaining prepayments arrive on time.
- Microsoft's remedy for a tranche not accepted within 60 days is a refund of its upfront payment: a reversal of cash counted here.
- The IPO (about $3bn, REPORTED) sits outside the count.

Source: Nscale S-1, 0001193125-26-395475: MD&A commitments and liquidity, balance sheet, Description of Certain Indebtedness, Subsequent Events (FILED). The 23% prepayment is "of our active and contracted TCV" (FILED); TCV-weighting assumed. Customer cash and surplus OURS. Workbook, Funding tab.

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# $16 billion is the contracted book delivered; $30 billion needs about 1.6 GW of new contracts or a 64 percent residual

The reverse DCF values the contracted book, then asks each price for the rest: the share of the book delivered, new contracts at the book's average terms, or the value of the fleet and plant in 2034. Reported valuations read after the offering, with the notes, the NVIDIA Sale and about $3bn of IPO proceeds in net cash.

**What each price has to believe, 10% discount rate, 30% cash cost, $ millions**

| Price | Equity | Net cash | Implied EV | Gap to book | Delivery or new MW | Or residual | Or cost, book alone |
|---|---|---|---|---|---|---|---|
| **Series C, $20.39** | 15,579 | 1,341 | 14,238 | 5,641 | 684 MW | 25% | 22.3% |
| **$16bn, investors, low** | 16,000 | 7,441 | 8,559 | (38) | 99% delivered | none | 30.0% |
| **$19bn, investors, high** | 19,000 | 7,441 | 11,559 | 2,962 | 359 MW | 13% | 25.9% |
| **$30bn, Nscale target** | 30,000 | 7,441 | 22,559 | 13,962 | **1,693 MW** | **64%** | 10.9% |
| **$35bn, FT** | 35,000 | 7,441 | 27,559 | 18,962 | 2,299 MW | 87% | 4.1% |

**Two readings hold at one cell each.** $16bn sits within 0.4% of the book delivered at 10% and 30%; at 25% it needs 78% delivery, at 12% about 240 MW of new contracts. The three columns on the right are alternatives: any mix of them bridges the same gap.

Source: Nscale S-1, 0001193125-26-395475 (FILED); valuations REPORTED (Bloomberg, October 18; FT); Series C price FILED, 764m shares OURS, read post-money: less the round's $1,132.4m it is $14,446m, against the press's $14.6bn. Book EV 8,597; NPV per new MW $8.2m. Needs floored. OURS. Workbook, ReverseDCF tab.

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# The full work, refreshed after each filing

*What the Price Believes: Nscale, release 1.0*

### A 22-page deck

delivery, financing, cost, what comes after the book, the holders

### The workbook

the 17 filed sites, uses and sources, the reverse DCF; every assumption a switch

### A one-page edition note

what changed in each edition, and why

### Next

the S-1/A with a price range, then the first 10-Q

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